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B1, 1.4(D)

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ACTION EB-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	CIAE-00	INL-00	DODE-00
	WHA-00	PERC-00	SRPP-00	DS-00	VC-00	TEDE-00	INR-00
	VCE-00	AC-01	NSAE-00	OES-00	ACE-00	IRM-00	SSO-00
	SS-00	EPAE-00	DSCC-00	PRM-00	NFAT-00	SAS-00	/001W
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O 052004Z FEB 03  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC IMMEDIATE 9792  
INFO OPEC COLLECTIVE PRIORITY  
AMEMBASSY BOGOTA PRIORITY  
AMEMBASSY BRASILIA PRIORITY  
AMEMBASSY LA PAZ PRIORITY  
AMEMBASSY LIMA PRIORITY  
AMEMBASSY MEXICO PRIORITY  
AMEMBASSY PORT OF SPAIN PRIORITY  
AMEMBASSY QUITO PRIORITY  
AMEMBASSY SANTIAGO PRIORITY  
DEPT OF COMMERCE WASHDC PRIORITY  
DEPT OF ENERGY WASHDC PRIORITY  
NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000321

NSC FOR LLORENS  
ENERGY FOR D.HUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS  
STATE PASS USAID FOR DCHA/OTI - R. PORTER

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E.O. 12958: DECL: 02/03/2013  
TAGS: EPET, PREL, VE  
SUBJECT: GASOLINE MARKET STATUS

CLASSIFIED BY: AMBASSADOR CHARLES S. SHAPIRO; REASONS 1.5 (B) AND (D)

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SUMMARY  
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1. (C) WITH THE PARTIAL LIFTING OF THE GENERAL STRIKE,  
TRAFFIC IN CARACAS IS QUICKLY RETURNING TO PRE-STRIKE LEVELS.  
THE VENEZUELAN GASOLINE MARKET, HOWEVER, IS NOT YET BACK TO  
NORMAL. THE GOV HAS ANNOUNCED PLANS TO IMPORT 12 MILLION

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BARRELS OF GASOLINE IN FEBRUARY. EMBASSY HAS CONFIRMED 7.5 MILLION BARRELS IN JANUARY PURCHASES. THE GOV IS REPORTED TO HAVE PAID HEFTY PREMIUMS FOR THE GASOLINE ALTHOUGH SOME TRADERS MAY BE PAID IN KIND WITH FUEL OIL. SOME GASOLINE HAS NOW BEEN DELIVERED TO THE EASTERN (UPPER INCOME, PRO-OPPOSITION) SIDE OF CARACAS BUT DELIVERIES ARE STILL ERRATIC. REPORTS OF CORRUPTION IN THE GOV'S WHOLESALE GASOLINE PURCHASING HAVE SURFACED. END SUMMARY.

## ----- GOV ANNOUNCES GASOLINE PURCHASES -----

2. (U) IN A FEBRUARY 3 INTERVIEW WITH VENPRES, VENEZUELA'S STATE NEWS AGENCY, PDVSA PRESIDENT ALI RODRIGUEZ SAID VENEZUELA WILL PURCHASE 12 MILLION BARRELS OF GASOLINE IN FEBRUARY TO ALLEVIATE SHORTAGES. PRESS REPORTS ON THE  
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INTERVIEW FURTHER QUOTE A PDVSA SPOKESMAN AS SAYING THAT 4 MILLION BARRELS WILL ARRIVE BY FEBRUARY 15 AND THE REMAINING 8 MILLION BARRELS BY THE END OF THE MONTH. PDVSA RELEASED FURTHER INFORMATION SAYING THAT THE GASOLINE WILL BE PURCHASED FROM THE FOLLOWING:

521,600 BARRELS ) BRAZIL  
2.48 MILLION ) EUROPE  
300,000 ) SAUDI ARABIA  
300,000 ) CHILE  
280,000 ) ST. CROIX,S HOVENSA REFINERY  
400,000 ) TRINIDAD  
6.77 MILLION - U.S.

3. (C) WE HAVE CONFIRMED PDVSA PURCHASES OF 7.5 MILLION BARRELS OF GASOLINE IN JANUARY. ALL BUT ONE OF THESE PURCHASES, LISTED BELOW, WERE MADE THROUGH MIAMI ON-LINE TRADER, PEPEX. THIS LIST DOES NOT INCLUDE THE GASOLINE PURCHASED IN EARLY JANUARY FROM PETROBRAS AND PETROTRIN.

DATE	COMPANY	VOLUME (MBBLS)	DELIVERY POINT
1/13/03	PREMCOR	290,000	FOB USGULF COAST
1/13/03	PREMCOR	162,000	FOB USGC
1/13/03	PROJECTOR	240,000	FOB USGC
1/17/03	PROJECTOR	2,400,000	CFR NETHERLANDS ANTILLES
1/23/03	PREMCOR	1,200,000	FOB USGC
1/28/03	TRAFIGURA	900,000	CFR VENEZUELA
1/28/03	PROJECTOR	1,440,000	CFR VENEZUELA

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1/28/03 GLENCORE 900,000 FOB STATIA  
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TWO VESSELS CARRYING GASOLINE ARRIVED IN VENEZUELA THE WEEK OF JANUARY 27. INDUSTRY SOURCES REPORT THAT TWO MORE ARE EXPECTED TO ARRIVE THE WEEK OF FEBRUARY 3 AND TWO MORE THE WEEK OF FEBRUARY 10.

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STEEP PREMIUMS  
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4. (C) IT IS CLEAR THAT VENEZUELA HAS PAID A STEEP PREMIUM FOR THE GASOLINE IT HAS ACQUIRED INTERNATIONALLY ALTHOUGH WE HAVE RECEIVED VARYING REPORTS ABOUT THE SIZE OF THE PREMIUM. ONE MIAMI TRADER INFORMED ECONOFF THAT PDVSA HAD BEEN PAYING UP TO \$1.00/LITRE. ANOTHER TRADER, WHOSE COMPANY TRAFIGURA HAS FACILITATED THE PURCHASE OF 900,000 BARRELS FOR PDVSA, SAID PDVSA IS PAYING \$43/BARREL. THE GASOLINE WOULD THEN BE SOLD IN THE VENEZUELAN MARKET AT THE OFFICIALLY SET PRICE OF 90 BOLIVARS/LITER. ACCORDING TO OUR CALCULATIONS, EACH LITER OF A \$43 BARREL COSTS \$0.27. AT THE MOST RECENT EXCHANGE RATE (1850BS/\$1), \$0.27 CONVERTS TO APPROXIMATELY 500

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INFO	LOG-00	NP-00	AID-00	AMAD-00	CIAE-00	DODE-00	WHA-00
	SRPP-00	DS-00	VC-00	TEDE-00	INR-00	VCE-00	AC-01
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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 000321

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BOLIVARS PER LITER, WHICH IS THE MINIMUM THE GOV SHOULD BE  
CHARGING TO COVER ITS COSTS.

5. (C) CHEVRONTExACO DOWNSTREAM REPRESENTATIVES REPORTED TO  
ECONOFF ON JANUARY 4 THAT THEIR ASSESSMENT IS THAT THE  
GASOLINE HAS BEEN PURCHASED AT \$1.25/LITER AND SOLD AT  
\$.16/LITER. THEY ADDED THAT THEY BELIEVE VENEZUELA HAS PAID  
\$500 MILLION IN GASOLINE PREMIUMS TO DATE, \$300 MILLION OF  
WHICH REPRESENTS THE "REAL" PREMIUM, AND A FURTHER \$200  
MILLION THAT HAS DISAPPEARED INTO VARIOUS POCKETS IN WHAT HAS  
OBVIOUSLY BEEN, AND IS LIKELY TO CONTINUE TO BE, A VERY  
LUCRATIVE BUSINESS. THERE ARE OTHER INDICATIONS, HOWEVER,  
THAT SOME TRADERS WILL BE PAID FOR THE GASOLINE IN KIND WITH  
FUEL OIL. ONE SOURCE REPORTED TO ECONOFF THAT EUROPE IS  
CURRENTLY "FUEL OIL LIGHT" AND THAT THE TRADERS COULD DO A  
VERY LUCRATIVE BUSINESS BRINGING EUROPEAN GASOLINE IN TO SWAP  
FOR FUEL OIL.

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REFINERY STATUS  
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GASOLINE IN CARACAS AND ELSEWHERE  
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7. (C) AFTER A BURST OF GASOLINE INTO CARACAS AT THE END OF THE WEEK OF JANUARY 27, WHICH SAW THE FIRST DELIVERIES OF GASOLINE TO THE OPPOSITION STRONGHOLDS IN THE EAST SIDE OF THE CITY SINCE THE FOURTH WEEK IN DECEMBER, DELIVERIES SEEM TO HAVE DROPPED OFF. THE CHEVRONTExACO REPS INFORMED US THAT 177 OUT OF THE 257 SERVICE STATIONS IN CARACAS ARE NOW RECEIVING GASOLINE ON ALTERNATE DAYS. AT THE TIME OF OUR MEETING, THEY EXPECTED TO RECEIVE GASOLINE AT THE TEXACO BRAND STATION NEAR THE EMBASSY. THAT SHIPMENT, HOWEVER, HAS NOT YET ARRIVED ON FEBRUARY 5. THIS UNDERLINES THE STORY THAT WE HAVE HEARD FROM WHOLESALERS, I.E. THAT THEY STILL HAVE NO CONTROL OVER WHAT TYPE OR HOW MUCH PRODUCT THEY WILL RECEIVE. THE CHEVRONTExACO REPS ALSO INFORMED ECONOFF THAT

[REDACTED] NO GASOLINE HAS BEEN DELIVERED TO GAS STATIONS IN THE EAST OF CARACAS BECAUSE THEY HAVE BEEN ON STRIKE. [REDACTED] ALSO INFORMED THEM THAT THE GASOLINE SITUATION IN THE SEVEN WESTERN VENEZUELAN STATES WILL NOT RETURN TO NORMAL FOR TWO MONTHS, OR UNTIL OPERATIONS

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RETURN TO NORMAL AT THE PARAGUANA REFINERY.

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COMMENT  
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8. (C) IT IS CLEAR THAT THE GOV WILL PAY WHATEVER IS NECESSARY TO KEEP AT LEAST A MINIMUM AMOUNT OF GASOLINE FLOWING. AS COMMERCE AND INDUSTRY RETURN TO NORMAL OPERATIONS, DEMAND FOR FUEL IS INCREASING. UNTIL THE REFINERIES ARE PRODUCING IT IN QUANTITY, THE GASOLINE SUPPLY WILL BE A MAJOR FINANCIAL AND LOGISTICAL CONCERN FOR THE CHAVEZ GOVERNMENT.  
SHAPIRO

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